Sandwell Metropolitan Borough Council

Report to Council

18 January 2022

Subject:	Local Council Tax Reduction Scheme 2022/23
Cabinet Member:	Councillor Maria Crompton - Cabinet Member for Finance and Resources
Director:	Simone Hines – Director of Finance
Key Decision:	Yes
Contact Officer:	Ian Dunn ian_dunn@sandwell.gov.uk Carl Jones carl_jones@sandwell.gov.uk

1 Recommendations

1.1 That no changes are made to the Local Council Tax Reduction Scheme for 2022/23.

1.2 That Council approve the Local Council Tax Reduction Scheme for 2022/23.

2 Reasons for Recommendations

2.1 The Local Council Tax Reduction Scheme (LCTRS) provides crucial support to low income families and our most vulnerable residents.

2.2 The LCTRS is based on income bands and residents on very low incomes can continue to receive 100% support.

2.3 Sandwell is now the only council in the West Midlands to provide up to 100% support and one of only a few nationally.

2.4 At its meeting on 15 December 2021, Cabinet recommended the matter for approval to Council.

3 How does this deliver objectives of the Corporate Plan?

	People live well and age well	The LCTRS provides financial support to the lowest income households to pay their Council Tax.

4 Context and Key Issues

4.1 Significant changes were made to the scheme on 1 April 2019.

4.2 The local scheme only applies to working age claimants as the Government prescribes how Council Tax Support is calculated for pensioners.

4.3 Sandwell made several changes to its LCTRS in 2019/20 to ensure the scheme worked effectively with the Government's Universal Credit (UC) system which was rolled out fully in Sandwell in November 2018.

4.4 Changes from 1 April 2019 included:

- Replacing the weekly means test approach with a series of income bands for different household sizes
- Simplifying the claim process for claimants receiving UC
- Introducing a £5 per week deduction for non-dependants not in work
- Two income bands for families with children as follows:
  - Families with 1 child
  - Families with 2 or more children
- Reducing the capital cut-off limit to £3,000

4.5 Positive features of the scheme were also retained to continue to support our most vulnerable residents and to incentivise work.

5 Alternative Options

5.1 Nationally 75% of local authorities have introduced a minimum Council Tax payment. This means that everyone, including those people on a very low income must pay something towards their Council Tax.

5.2 Sandwell does not want to introduce a minimum payment into its LCTRS as we want to protect our most vulnerable households and improve child poverty.

6 Implications

Resources:	The forecasted cost of the Council Tax Reduction Scheme for 2022/23 based on current caseload information is £30m. This does not take account of any council tax increase for 2022/23 which would increase the cost of the LCTRS. .
Legal and Governance:	The LCTRS must be made in accordance with Schedule 4 paragraph 5 (2) of the Local Government Finance Act 2012 which states: The authority must make any revision to its scheme, or any replacement scheme, no later than the 11th March in the financial year preceding that for which the revision or replacement scheme is to have effect.
Risk:	The calculation of the cost of LCTRS assumes that there will be no increase in caseload throughout 2022/23. If there was an increase in caseload this would lead to additional LCTRS costs.
Equality:	An equality impact assessment (EIA) was completed on the 2019/20 LCTRS. As we are proposing no changes to the scheme a further EIA is not required.
Health and Wellbeing:	The Sandwell's LCTRS is a generous scheme. It aims to protect our lowest income households by giving them 100% support towards their Council Tax and is one of only a few schemes nationally to do this.

7. Appendices

7.1 Appendix 1 - Local Council Tax Reduction Scheme Policy 2022/23.

8. Background Papers

None